



Redwood Global Small Cap Fund

Interim Management Report of Fund Performance

This interim management report of fund performance contains financial highlights but does not contain either interim or annual financial statements of the investment fund. The interim financial statements are enclosed along with this report.

Security holders may contact Redwood Asset Management Inc. to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure by calling 1-877-313-7011 by writing to us at 120 Adelaide Street West, Suite 2400, P.O. Box 23, Toronto, ON M5H 1T1, or by visiting our website at www.redwoodasset.com or SEDAR at www.sedar.com.

Result of Operations

The Redwood Global Small Cap Fund returned -20.57% for the series A and -20.06% for the F series during the first half of 2011, which was below our benchmarks the TSX Small Cap Index which was up 2.19% & the MSCI World Small Index which was up 0.55%. The TSX Venture was down 19.7% during the quarter. Our underperformance can be attributed primarily to two causes: the fund is overweight resources which have underperformed the broader index & profit taking in positions that were big winners in the fund last year. During the recent pullback in small-cap equities we have taken defensive steps to protect the funds capital by using 20% stop losses, hedging out commodity exposure, letting cash build up & investing in small cap yield names to generate income.

Recent Developments

This section contains forward-looking statements. Various factors could cause actual results to differ materially from those projected in forward-looking statements.

We are passing through another challenging and uncertain economic period. As you will have witnessed over the past few weeks and months governments in the United States and Europe have been struggling with debt and deficit issue. The root cause is chronic government over spending coupled with a reluctance to levy taxes and compounded by the aftermath of the credit crises and recession of 2008. Now government requires a combination of expenditure reduction and revenue increase to achieve fiscal balance. Both spending cuts and tax increases are resisted by many in democratic countries.

Asian economies lead by China and India continue to grow strongly. An important bright spot but in the short term not sufficient to support commodity prices. Both oil and copper have dropped sharply. This will hurt Canadian exports and the Canadian economy in the short term. Our medium term view of commodity prices remains very positive. We are fundamental value investors focused on individual companies with the ability to grow their businesses and earnings. While not immune to the swings of fear and greed in equity markets we try to stay focused on the realities of business fundamentals. Recent events favour equities over bonds as interest rates will remain lower longer in North America. We believe Canada and Canadian companies will continue to grow and prosper despite debt issues in Europe and the United States. We believe that there will be earnings growth for our holdings although that growth may slow due to lower commodity prices.

Related Party Transactions

The Manager and the Fund's investment advisor, LDIC Inc. (the "Investment Advisor") are deemed to be related parties to the Fund. See "Management Fees".

As of June 30, 2011, Michael Decter, Portfolio Manager of the Fund, held a total of 184,805.848 units of the Fund.

Management Fees

All management fees are based on the NAV of a series of units, calculated on each Valuation Date and paid monthly.

The management fee for the fund is 2.25% for Series A and 1.25% for Series F. The breakdown of the services received in consideration of the management fee, as a percentage of the management fee is:

	Series A	Series F
Management of Fund	33.33%	60%
Advisor of Fund	22.22%	40%
Trail to Broker	44.45%	N/A

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Financial Highlights (Unaudited)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five periods. The information is derived from the Fund's audited annual financial statements.

Net Asset Value (NAV) per Unit Class A	Jun 2011	Dec 2010	Dec 2009	Dec 2008
Net asset value, beginning of period	\$ 17.22	\$ 11.48	\$ 4.83	\$ 10.00
Increase (decrease) from operations:				
Total revenue	0.10	0.06	0.12	0.15
Total expenses	-0.24	-2.33	-0.94	-0.33
Realized gains (losses)	-1.47	6.59	1.61	-3.01
Unrealized gains (losses)	-2.05	5.99	6.26	-2.98
Total increase (decrease) from operations(1)	<u>-3.66</u>	<u>10.31</u>	<u>7.05</u>	<u>-6.19</u>
Distributions:				
From income (excluding dividends)	0.00	0.00	0.00	0.00
From dividends	0.00	0.00	0.00	0.00
From capital gains	0.00	-4.57	0.00	0.00
Return of capital	0.00	0.00	0.00	0.00
Total distributions(2)	<u>0.00</u>	<u>-4.57</u>	<u>0.00</u>	<u>0.00</u>
Net asset value, end of period	<u>\$ 13.56</u>	<u>\$ 17.22</u>	<u>\$ 11.48</u>	<u>\$ 4.83</u>

Net Asset Value (NAV) per Unit Class F	Jun 2011	Dec 2010	Dec 2009	Dec 2008
Net asset value, beginning of period	\$ 17.07	\$ 11.61	\$ 4.84	\$ 10.00
Increase (decrease) from operations:				
Total revenue	0.10	0.05	0.12	0.14
Total expenses	-0.15	-2.52	-0.90	-0.29
Realized gains (losses)	-1.43	4.85	1.59	-2.69
Unrealized gains (losses)	-2.05	6.44	6.32	-2.66
Total increase (decrease) from operations(1)	<u>-3.53</u>	<u>8.82</u>	<u>7.13</u>	<u>-5.51</u>
Distributions:				
From income (excluding dividends)	0.00	0.00	0.00	0.00
From dividends	0.00	0.00	0.00	0.00
From capital gains	0.00	-3.36	0.00	0.00
Return of capital	0.00	0.00	0.00	0.00
Total distributions(2)	<u>0.00</u>	<u>-3.36</u>	<u>0.00</u>	<u>0.00</u>
Net asset value, end of period	<u>\$ 13.54</u>	<u>\$ 17.07</u>	<u>\$ 11.61</u>	<u>\$ 4.84</u>

(1) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(2) Distributions were paid in cash/reinvested in additional units of the Fund, or both.

Ratios and Supplemental Data (Unaudited)

For the periods ended	Jun 2011	Dec 2010	Dec 2009	Dec 2008
Net assets Class A (000's) (1)	\$ 18,993	\$ 9,062	\$ 2,167	\$ 3,526
Number of units outstanding	1,400,394	526,367	188,722	71,599
Management expense ratio (2)	3.07%	16.66%	18.11%	2.18%
Management expense ratio before waivers or absorptions	3.10%	16.66%	26.13%	14.55%
Portfolio turnover rate (3)	502.7%	599.6%	1008.0%	517.04%
Trading expense ratio (4)	5.83%	5.19%	8.73%	6.49%
Net assets Class F (000's) (1)	\$ 11,082	\$ 6,949	\$ 2,732	\$ 3,850
Number of units outstanding	818,725	407,049	235,277	77,674
Management expense ratio (2)	1.94%	18.14%	17.36%	1.86%
Management expense ratio before waivers or absorptions	1.97%	18.14%	25.04%	12.41%
Portfolio turnover rate (3)	502.7%	599.6%	1008.0%	517.04%
Trading expense ratio (4)	5.83%	5.19%	8.73%	6.49%

(1) This information is provided as at period end of the year shown.

(2) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Past Performance

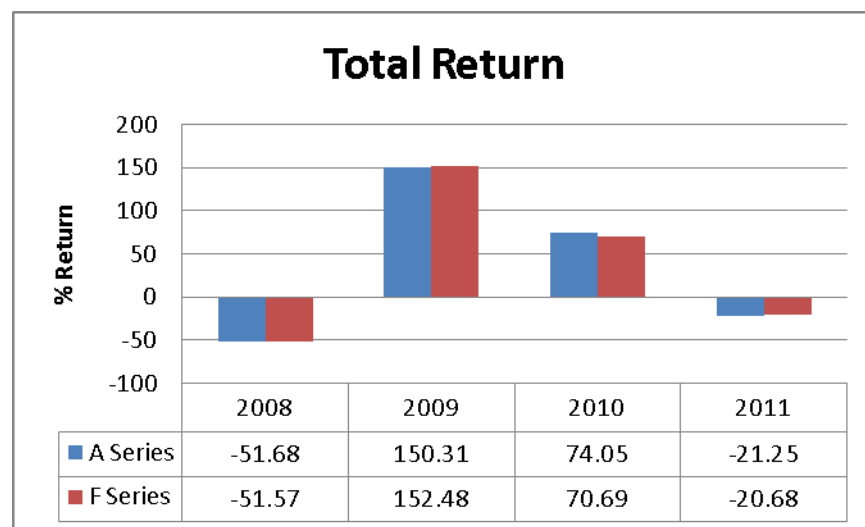
The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the investment fund.

How the investment fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The bar chart shows the investment fund's performance for each of the years shown, and illustrates how the investment fund's performance has changed from the end of the 2008 financial year to June 30, 2011.

The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each period.



**Actual returns are net of all fees including performance fees*

Summary of Investment Portfolio (Period Ended June 30, 2011)

Asset Mix

Subgroups	% of Net Asset Value
Materials	51.42%
Energy	28.83%
Financials	7.94%
Information Technology	5.83%
Industrial Products	1.61%
Cash & Cash Equivalent	10.84%
Fixed Income	1.66%

Top 25 Long Positions

	Security Name	% of Net Assets
1	Xinergy Ltd	7.94
2	Ithaca Energy Inc.	6.89
3	Klondex Mines Ltd.	4.94
4	Canfor Pulp Products Inc.	4.43
5	RMS Systems Inc.	4.02
6	Second Wave Petroleum	3.54
7	Cortex Business Solutions Inc.	3.49
8	Iberian Minerals Corp.	3.28
9	Taseko Mines Ltd.	3.21
10	EastCoal Inc.	3.06
11	African Petroleum	3.01
12	Lundin Mining Corp.	2.95
13	Rio Alto Mining	2.74
14	Prodigy Gold Inc.	2.56
15	Capstone Mining	2.39
16	Zarlink Semiconductor	2.33
17	Compass Petroleum	2.07
18	Donnybrook Energy	2.01
19	Alderon Resources	2.00
20	3P International	1.97
21	Black Diamond Group	1.83
22	Grande Cache Coal	1.75
23	FAR Ltd.	1.72
24	CanAm Coal Corp. (bond)	1.66
25	Spartan Oil Corp.	1.66

The Top 25 positions listed above consist of long positions only.

Percentage of Long Positions

100%

Total Net Asset Value

Total Net Asset Value of the Fund as at June 30, 2011 was \$30,074,335.

*Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available.

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